

Montana State Fund

Role of Montana State Fund

Montana State Fund (MSF) is a nonprofit, independent public corporation established for the purpose of allowing an option for employers to insure their liability for workers' compensation and occupational disease coverage. As workers' compensation insurance is mandatory for employers, MSF serves as the guaranteed market and cannot refuse to insure any employer in this state who requests coverage (unless the employer has a history of unpaid premiums).

Board of Directors

- Directors are appointed by the Governor. Four must be policyholders. Three must be in private, for-profit businesses. One may be an insurance producer.
- The board may perform all acts necessary or convenient in the exercise of any power, authority, or jurisdiction over the state fund, either in the administration of the state fund or in connection with the insurance business to be carried on under the provisions of this part, as fully and completely as the governing body of a private mutual insurance carrier, in order to fulfill the objectives and intent of this part.

Board meetings

Meetings are typically held 5 times a year and are timed so that the Board may make the decisions as required in statute. All Board meetings are open to the public.

- **Rate setting by the Board-** The Board must establish the rates to be charged by Montana State Fund for workers' compensation insurance each year. The Board must hire an independent actuary - who is a member in good standing with the American academy of actuaries - to develop and recommend actuarially sound rates. The rate making process is required to be in administrative rules as adopted by the Board
- **Surplus-** The Board is required to determine the appropriate level of surplus each year. Surplus is to secure MSF against inherent risks in workers compensation insurance.
- **Dividends-** The Board may declare a dividend if it is fiscally prudent to do so.
- **Budget-** The Board is to approve annually an estimated budget of the entire expense of administering MSF.
- **Strategic business plan-** Board is to approve a strategic business plan each year and at the end of the year, review the results.
- **Annual Report-** The Board is to submit the annual financial report of the state fund to the governor and the legislature.
- **Appointment of Executive Director (President/CEO)-** The Board is to appoint the executive director of MSF.

Economic Affairs Committee Meeting
June 24, 2005